

**TROY CABLEVISION , INC.**  
**FINANCIAL STATEMENTS**  
**December 31, 2009 and 2008**

**TROY CABLEVISION, INC.**  
**TROY, ALABAMA**  
**DECEMBER 31, 2009 and 2008**

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19 Pages

withheld in their entirety  
pursuant to FOIA Exemption 4  
(5 U.S.C. § 552 (b)(4))

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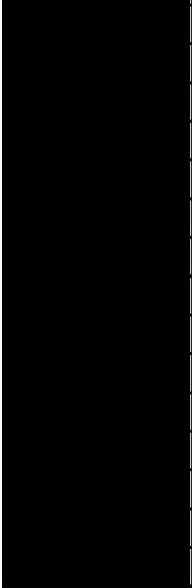
	Net Present Value	Internal Rate of Return
Without BTOP Funding		
With BTOP Funding		

		Assumptions	Rationale
Customers Passed	Business Anchor Institutions		The total businesses count is based on data received from Electronic Voice Services listing all businesses in the PFSA. For Anchor Institutions, see Upload 18.4 – List of Community Anchor Institutions.
Take Rates (see Take Rates Assumptions tab)			Ultimate take rates are based upon historical data from Troy Cablevision's existing operations. Low rates of penetration are estimated for Year 1 and Year 2 as subscribers in some areas are connected as the network build-out is complete in their areas.
ARPU (see Monthly ARPU tab)			ARPU for Anchors is expected to be about \$700 through the forecast period or close to the 3 Mbps bandwidth level. ARPU for businesses is expected to be about \$500 through the forecast period or close to the 3 Mbps bandwidth level.  Revenue is calculated based upon average subscriber counts for each year. ARPU is defined as Total Retail Data Revenue / Average subs for any period.
Churn Rates	Business Anchor Institutions		The rates are based upon historical data from Troy Cablevision's existing operations. The anchor institution rate is lower due to the lower probability of disconnection from these entities.
Pricing	Base Monthly Pricing (Business)	Internet Access	1 Mbps 3 Mbps 6 Mbps 10 Mbps 50 Mbps 100 Mbps 250 Mbps 500 Mbps 100 Mbps DIA 10 Mbps DIA
		Transport - Voice	
		Transport - Video	
		Installation (One Time)	
		Anchor Institution Discount Rate (excludes Installation)	
		Annual Business Price Erosion	
		Annual Anchor Institutions Price Erosion	
Product Mix (see Product Mix Assumptions tab)			Product mix is estimated based upon historical take rates in Troy Cablevision's current market area. As prices decline, product mix is expected to move to higher bandwidth offerings. Transport will be charged by Smartband for video and voice services provided by retailers. Troy Cablevision currently provides this type of service to other service providers on Troy Cablevision's network.
Network Expenses	Backhaul	Backhaul (ISP) Cost per Mbps per Month	This rate is based upon market data from providers in the PFSA.
		Backhaul Capacity (see Backhaul Assumptions tab)	Capacity is estimated to meet subscriber usage demands.
		Backhaul Cost Decrease Index	Backhaul is expected to decline based upon an estimate of future market rates.
	Facilities	Number of Commercial POP Sites	Sites are owned by a Troy Cablevision who will not charge rent for the use of the facilities. The number of sites will be consistent with the project budget.
		Number of Colocation Sites	
		Square Feet per Commercial POP Sites	Square footage is consistent with requirements of facility types.
		Square Feet per Colocation Sites	
	Pole Attachments	Annual Utility Cost per Square Foot of Network Facility Space	These rates are based upon typical facility requirements of these types.
		Annual Lease Fee per Square Foot of Space	This estimate based on real estate market pricing for the PFSA.
		Number of Pole Attachments per Aerial Mile	This estimate is based upon the specific geography of the PFSA.
Aerial Length of Fiber (in Miles)		Mileage is consistent with project budget.	
Annual Attachment Fee per Pole		This estimate is based upon historical fees paid by Troy Cablevision. Their current average rate is \$9.00 per pole.	
Annual Attachment Price/Fee Increase Index	This estimate is based upon historical price escalation for these types of contracts.		
Network Personnel		See Personnel below.	
Depreciation (see Depreciation Lives Assumptions tab)		Plant in Service assets are depreciated on a straight line basis. Each asset category has an average depreciation life estimate that is based upon the typical assets lives of assets in those categories.	
Marketing, Customer Care & Billing	Subscriber Acquisition Cost	Business	Marketing Acquisition Cost
		Anchor Institutions	Backoffice/Provisioning
	Additional Marketing Expense	Business	Marketing Acquisition Cost
		Anchor Institutions	Backoffice/Provisioning
	Billing Cost per month per subscriber		These costs per subscriber are based upon Troy Cablevision's current costs and include billing systems costs.
Bad Debt Expense		These costs per subscriber are based upon Troy Cablevision's current costs and include items such as advertising, travel and commissions.  These costs per subscriber are based upon Troy Cablevision's current costs and include billing systems costs.  This additional expense should be viewed as a base marketing expense for Smartband that is in addition to the marketing cost portion of subscriber acquisition cost. The estimate is based upon Troy Cablevision's current cost.  This estimate includes the cost of producing and mailing a bill to each subscriber.	
Other Facilities Expenses		Annual Utility Cost per Square Foot of Admin/Ops Facility Space  Square feet of Administrative Space  Square feet of Operations Space	
Corporate G&A Expenses (See Corporate G&A Expenses Assumptions tab)		These rates are based upon typical facility requirements of these types.  Troy Cablevision has 5,000 square feet available for administrative and operations requirements. Troy Cable Vision will not charge rent for the use of the space.	
Personnel	FTE Burden/Benefits Rate		These estimates are based upon Troy Cablevision's historical requirements. All of these expenses are expected to only be half of the annual cost in the first year as this will be a start-up year.  This rate is an estimate based upon Troy Cablevision's current burden rate.
	Salaries (see Salaries Assumptions tab)		Salary levels are comparable to Troy Cablevision's current levels.
	Personnel (see Personnel Assumptions tab)		Personnel levels are based upon a comparable business and Troy Cablevision's employee structure. Headcount is expected to increase in network as the build-out is complete and in the other areas as revenues increase.
Working Capital	Minimum Cash Balance		This minimum balance is an estimate to meet the day-to-day requirements of the business and is used to calculate working capital needs.
	Investment Rate		This estimate is an average rate expected over the eight years of the forecast.
	Days Receivables Outstanding		This estimate is based upon the monthly customer billing cycle.
	Days Payable Outstanding - Personnel		This estimate is based upon a biweekly salary payment cycle for personnel.
Capital Expenditures	Maintenance Capex		This estimate is based upon a monthly billing cycle for vendor payments.  Smartband expects to receive a loan from Troy Cablevision that will be used as a working capital loan. This loan will meet any operating funding requirements. Any excess cash flow will be used to repay any outstanding balance. The interest rate is an estimate of a market rate for a comparable loan. In any year that a loan draw occurs, interest expense will be rolled into the principal balance. These non-cash interest payments are reflected in the Other Current Liabilities line on the Cash Flow Statement.
	Residual Value		Ongoing capital expenditures to maintain the network for Years 4 – 8 are estimated as a percentage of the Total Project Cost or capital expenditures for the first three years. This estimate is based upon Troy Cablevision's historical rate. Smartband is not requesting any funds from BTOP to cover these costs.  Residual values for telecommunications project assets is typically very low as most of these assets are technological in nature or integrated into a larger infrastructure.
Funding Percentages	Year 1 Capital Expenditure Draw Rate		Deployment rates are consistent with Upload 18.3 - Build-Out Timeline.
	Year 2 Capital Expenditure Draw Rate		
Funding Percentages	BTOP Funding Percentage	70%	All BTOP and matching funds are reflected in Additional Paid in Capital on the balance sheet.
	Other Funding Source Percentage	30%	

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Business	Annual Take Rate	1%	4%	6%	9%	3%	3%	2%	2%
	Cumulative Take Rate	1%	5%	11%	20%	23%	26%	28%	30%
Anchors	Annual Take Rate	1%	7%	14%	15%	7%	2%	2%	2%
	Cumulative Take Rate	1%	8%	22%	37%	44%	46%	48%	50%

			Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Business	Internet Access	1 Mbps						
		3 Mbps						
		6 Mbps						
		10 Mbps						
		50 Mbps						
	Transport - Voice							
	Transport - Video							
Total								
Anchors	Internet Access	1 Mbps						
		3 Mbps						
		6 Mbps						
		10 Mbps						
		50 Mbps						
		100 Mbps						
	Total							

Year 8



			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Business	Internet Access	1 Mbps	55%	53%	51%	49%	46%	44%	42%	40%
		3 Mbps	20%	21%	23%	24%	26%	27%	29%	30%
		6 Mbps	15%	14%	14%	13%	12%	11%	11%	10%
		10 Mbps	8%	9%	10%	11%	12%	13%	14%	15%
		50 Mbps	2%	2%	3%	3%	4%	4%	5%	5%
	Transport - Voice	50%	50%	50%	50%	50%	50%	50%	50%	50%
	Transport - Video	80%	80%	80%	80%	80%	80%	80%	80%	80%
Anchors	Internet Access	1 Mbps	30%	27%	24%	21%	19%	16%	13%	10%
		3 Mbps	25%	26%	28%	29%	31%	32%	34%	35%
		6 Mbps	25%	25%	25%	25%	24%	24%	24%	24%
		10 Mbps	10%	11%	11%	12%	13%	14%	14%	15%
		50 Mbps	10%	11%	11%	12%	13%	14%	14%	15%
		100 Mbps	0%	0%	0%	0%	1%	1%	1%	1%

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Business	Opening								
	Gross Ads								
	Attrition/Churn								
	Net Ads								
	Ending								
	Average								
Anchors	Opening								
	Gross Ads								
	Attrition/Churn								
	Net Ads								
	Ending								
	Average								



		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Internet/ISP	Backhaul Cost per Mbps								
	Backhaul Capacity in Mbps								
	Internet/ISP Cost								

			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Administrative		Number of Facilities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
		Square Feet per Facility								
		Total Number of Square Feet								
		Utilities								
Operations		Number of Facilities								
		Square Feet per Facility								
		Total Number of Square Feet								
		Utilities								
Network	Commercial POP Sites	Number of Facilities								
		Square Feet per Facility								
		Total Number of Square Feet								
		Utilities								
	Colocation Sites	Number of Facilities								
		Square Feet per Facility								
		Total Number of Square Feet								
		Utilities								
	Leasing									
Total		Utilities								
		Leasing								

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Number of Attachments								
Fee Per Attachment								
Attachment Fees								



		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
General and Administrative	Executive Director	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	Technical Director	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	Operations Manager	0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	Customer Svc/Billing Manager	0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	Accounting Manager	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	Administrator	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	Sum of General and Administrative	4.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Technical Operations	Network Ops Coordinator	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	Network Engineer	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	Network Implementation Coordinator	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	Field Engineer	-	1.0	2.0	3.0	3.0	3.0	3.0	3.0
	Construction Engineer	-	1.0	2.0	3.0	3.0	3.0	3.0	3.0
	Sum of Technical Operations	2.0	5.0	7.0	9.0	9.0	9.0	9.0	9.0
Sales and Marketing	Marketing Coordinator	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	Field Sales Rep	1.0	2.0	3.0	3.0	5.0	5.0	5.0	5.0
	Inside Sales Rep	1.0	1.0	3.0	3.0	5.0	5.0	5.0	5.0
	Sum of Sales and Marketing	3.0	4.0	7.0	7.0	11.0	11.0	11.0	11.0
Customer Care	Customer Service Rep	1.0	2.0	4.0	6.0	8.0	8.0	8.0	8.0
	Tech Support Rep	1.0	2.0	3.0	5.0	8.0	8.0	8.0	8.0
	Sum of Customer Care	2.0	4.0	7.0	11.0	16.0	16.0	16.0	16.0
Billing/Collections Rep	1.0	1.0	2.0	2.0	3.0	3.0	3.0	3.0	
Sum of Staff	12.0	20.0	29.0	35.0	45.0	45.0	45.0	45.0	

		Status	Annual Salary	Burden	Burdened Cost
General and Administrative	Executive Director	FTE			
	Technical Director	FTE			
	Operations Manager	FTE			
	Customer Svc/Billing Manager	FTE			
	Accounting Manager	SC			
	Administrator	FTE			
Technical Operations	Network Ops Coordinator	FTE			
	Network Engineer	SC			
	Network Implementation	FTE			
	Field Engineer	SC			
	Construction Engineer	SC			
Sales and Marketing	Marketing Coordinator	SC			
	Field Sales Rep	FTE			
	Inside Sales Rep	SC			
	Sum of Sales and Marketing	0			
Customer Care	Customer Service Rep	SC			
	Tech Support Rep	SC			
	Sum of Customer Care	0			
Billing/Collections Rep		SC			







**BUDGET INFORMATION - Construction Programs**

NOTE: Certain Federal assistance programs require additional computations to arrive at the Federal share of project costs eligible for participation. If such is the case, you will be notified.

COST CLASSIFICATION	a. Total Cost	b. Costs Not Allowable for Participation	c. Total Allowable Costs (Columns a-b)
1. Administrative and legal expenses	\$ 1,773,811.00	\$	\$ 1,773,811.00
2. Land, structures, rights-of-way, appraisals, etc.	\$ 2,208,717.00	\$	\$ 2,208,717.00
3. Relocation expenses and payments	\$ 72,000.00	\$	\$ 72,000.00
4. Architectural and engineering fees	\$ 1,064,460.00	\$	\$ 1,064,460.00
5. Other architectural and engineering fees	\$	\$	\$ 0.00
6. Project inspection fees	\$ 236,556.00	\$	\$ 236,556.00
7. Site work	\$ 13,673,726.00	\$	\$ 13,673,726.00
8. Demolition and removal	\$ 27,400.00	\$	\$ 27,400.00
9. Construction	\$ 20,799,193.00	\$	\$ 20,799,193.00
10. Equipment	\$ 1,137,016.00	\$	\$ 1,137,016.00
11. Miscellaneous	\$ 599,177.00	\$	\$ 599,177.00
12. SUBTOTAL (sum of lines 1-11)	\$ 41,592,056.00	\$ 0.00	\$ 41,592,056.00
13. Contingencies	\$	\$	\$ 0.00
14. SUBTOTAL	\$ 41,592,056.00	\$ 0.00	\$ 41,592,056.00
15. Project (program) income	\$	\$	\$ 0.00
16. TOTAL PROJECT COSTS (subtract #15 from #14)	\$ 41,592,056.00	\$ 0.00	\$ 41,592,056.00
FEDERAL FUNDING			
17. Federal assistance requested, calculate as follows: (Consult Federal agency for Federal percentage share.) Enter eligible costs from line 16c Multiply X <input type="text" value="70"/> %			
			\$ 29,112,167.00

**ASSURANCES - CONSTRUCTION PROGRAMS**

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0042), Washington, DC 20503.


**PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.**

**NOTE:** Certain of these assurances may not be applicable to your project or program. If you have questions, please contact the Awarding Agency. Further, certain Federal assistance awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

As the duly authorized representative of the applicant, I certify that the applicant:

1. Has the legal authority to apply for Federal assistance, and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project costs) to ensure proper planning, management and completion of the project described in this application.
2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the assistance; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will not dispose of, modify the use of, or change the terms of the real property title, or other interest in the site and facilities without permission and instructions from the awarding agency. Will record the Federal interest in the title of real property in accordance with awarding agency directives and will include a covenant in the title of real property acquired in whole or in part with Federal assistance funds to assure non-discrimination during the useful life of the project.
4. Will comply with the requirements of the assistance awarding agency with regard to the drafting, review and approval of construction plans and specifications.
5. Will provide and maintain competent and adequate engineering supervision at the construction site to ensure that the complete work conforms with the approved plans and specifications and will furnish progress reports and such other information as may be required by the assistance awarding agency or State.
6. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.
7. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
8. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4728-4763) relating to prescribed standards for merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).
9. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4801 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.
10. Will comply with all Federal statutes relating to non-discrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 dd-3 and 290 ee-3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and, (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.

11. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal and federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
12. Will comply with the provisions of the Hatch Act (5 U.S.C. §§1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.
13. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-333) regarding labor standards for federally-assisted construction subagreements.
14. Will comply with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
15. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) conformity of Federal actions to State (Clean Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and, (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).
16. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
17. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a-1 et seq.).
18. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations."
19. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing this program.

SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL 	TITLE Chairwoman/CFO
APPLICANT ORGANIZATION Troy Cablevision, Inc.	DATE SUBMITTED 3/26/2010